STATE OF ALASKA

THE REGULATORY COMMISSION OF ALASKA

Before Commissioners: Mark Johnson, Chair
Kate Giard
Dave Harbour
James S. Strandberg
G. Nanette Thompson

In the Matter of the New Requirements Of 47 CFR § 51 Related to FCC Triennial Review Order Interconnection Provisions and Policies	))))	R-03-7

REPLY TESTIMONY OF GINA BORLAND ON BEHALF OF GENERAL COMMUNICATION, INC.

My name is Gina Borland, and I am Vice President and General Manager of Local Service for General Communication, Inc. ("GCI"). I filed testimony in this proceeding on January 12, 2004. In that testimony, I urged the Commission to adopt the batch cut process, volumes, and metrics set forth in the Testimony of M. Sue Keeling. I described the history of the provisioning process, discussed the effect of provisioning delays in the absence of a consistently applied provisioning and batch cut process on customers and on GCI's use of its facilities, and recommended that the Commission prohibit any caps or minimums on provisioning as part of the batch cut process.

In response to the Comments filed by ACS on January 12, 2004, and the accompanying Affidavits of Stephen A. Pratt and Howard Shelanski, I address here ACS' apparent dismissal of "anecdotal evidence" of past customer delays and outages, discuss why the Commission should prohibit caps on daily batch cut provisioning in light of ACS' past practice of imposing arbitrary limits, and explain why an effective batch cut process

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remains necessary in the context of GCI's cable telephony deployment plans and will be imperative in the event that the Commission makes a "no impairment" finding for mass market unbundled switching, over GCI's opposition. Finally, I discuss the effect of the recent settlement between the parties related to processing and provisioning interval metrics, reporting, and recurring cost credits for non-compliance. In summary, a Commission-sanctioned batch cut process is required to ensure certainty in the process and consistency in performance over time, so that customer outages and disruptions may be minimized and GCI's use of its deployed facilities may be maximized.

1. Anecdotal Evidence of Customer Abuses Supports Adoption of a Batch Cut Process

As described in my testimony, past processing and provisioning delays generated over 200 informal complaints from consumers between July and September, 2002.[1] More recently, performance has been more consistent, but both parties expended significant financial and personnel resources in enforcement proceedings for GCI to secure improved performance. In my experience, inadequate order-provisioning processes and resources are most likely to occur in the absence of specific, known, and predictable processes, leading to missed customer expectations and rightfully upset consumers.

Against this background, I am skeptical of Dr. Shelanski's apparent dismissal of past performance as evidence of the need for a mandated batch cut process. Dr. Shelanski stated:

> To be sure, specific examples of problems with hot cuts might be held up by CLECs as causes of "impairment." But such anecdotal evidence, even if the anecdotes are true, should receive very little evidentiary weight in light of the other market facts discusses above. . . .Weighted against such facts [cited by the FCC], complaints about occasional costs and problems of hot cuts pale and, even if they demonstrate the

[1] Testimony of Gina Borland, R-03-7 ("Borland Testimony") (filed Jan. 12, 2004) at 3-4, 5.

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existence of occasional difficulties for competitors, they do not demonstrate meaningful impairment.[2]

Having participated in the Commission's proceeding to investigate the more than 200 consumer complaints that comprised this "anecdotal evidence" downplayed by Dr. Shelanksi, I personally am persuaded that avoidance of future customer abuses is perhaps the best reason to adopt specific processes that may mitigate against such future harm. From the business perspective, I am also well familiar with the extraordinary steps GCI had to take to mollify and reassure customers, including contests, credits, and high volumes of customer service calls. Contrary to Dr. Shelanski's perfunctory dismissal of such events, the Commission should give great weight to these delays, outages, disruptions—as they affected both customers and GCI—in its consideration of the parties' respective batch cut proposals.

Moreover, Dr. Shelanski's recommendation against a Commission-approved batch cut process appears at odds with ACS' own practice. The fact that ACS has a batch cut process in place today—albeit one that requires improvements—demonstrates ACS' agreement that a batch cut process is appropriate for its service areas.[3]

2. The Commission Should Prohibit ACS' Past Practice of Imposing Arbitrary Limits on Order Provisioning, Including Hot Cuts

The Commission should expressly prohibit any daily cap or ceiling on the number of hot cuts that ACS is required to perform in Anchorage, Fairbanks, or Juneau. As explained in my testimony, arbitrary caps—which ACS has imposed in the past—result in order

[2] Affidavit of Howard Shelanski, R-03-7 (filed Jan. 12, 2004) ("Shelanski Testimony") at 18-19.

[3] *See* Reply Testimony of M. Sue Keeling, R-03-7 (filed April 2, 2004) at ___.

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backlog in whatever context they may be applied.[4] Mr. Pratt's testimony, however, provides data suggesting that ACS might believe that some type of daily batch cut maximum may be warranted. For example, he states that the ACS service center is capable of processing 314 orders per-day "for all markets."[5] This data point is not relevant to the batch cut process or any related caps, because processing the order is a separate matter from the hot-cut process, which occurs in the provisioning phase. Mr. Pratt also states that "[c]urrent staffing at ACS wire centers allows for the scheduling of approximately 90 central office work orders per wire center per day, or approximately 500 total central office work order in Anchorage, 90 in Fairbanks, and 90 in Juneau."[6] Again, this information does not have particular relevance and cannot be relied on to impose any cap, because one would presume that staffing is designed to cover the hot-cut workloads. Because daily hot-cut volumes can vary significantly over periods of time,[7] depending largely on marketing efforts and facilities deployment by either ACS or GCI, one would expect that the staffing would vary correspondingly.

These daily amounts are not indicative of any appropriate maximums to be applied. The number of orders for which ACS is capable of performing a hot cut in a given day varies due to factors solely within ACS' control, for example, staffing volumes, equipment

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[4] Borland Testimony at 6-7. I also oppose the adoption of minimum orders to be processed per batch per site. *See id.* at 7.

[5] Pratt Testimony at ¶ 8. It appears that Mr. Pratt's figure includes service areas outside of Anchorage, Fairbanks, and Juneau.

[6] *Id.* at ¶ 10; *see also id.* at ¶ 8 ("the maximum number of hot-cuts GCI has requested in a single day since June 2002 is 211 in Anchorage, 44 in Fairbanks, and 38 in Juneau"), ¶ 11 (reporting resale to loop provisioning changes for Fairbanks and Juneau).

[7] *See* Testimony of M. Sue Keeling, R-03-9 (filed Jan. 12, 2004) ("Keeling Testimony"), Exhibit MSK-1 (reporting ranges of hot-cut orders between 1 and 458 from June 2002 through December 2003).

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performance, and its own internal processes. Arbitrary caps or limits externalizes these factors to GCI, permitting ACS to delay the addition of GCI customers that have chosen its service and potentially impacting customer perception of GCI service under the cover of such limitations. Regardless of ACS' internal operations and the volume of orders, the relevant issue is not predicting the number of orders to be performed and reflect that prediction in a static maximum. The relevant issue is to require a uniform hot-cut process for each order.

3. A Batch Cut Process Remains Necessary with Cable Telephony and Will Be Critical in the Event of a "No Impairment" Finding for Unbundled Switching

I also disagree with Dr. Shelanski's claim that a batch cut process is not necessary because GCI's cable network "affords it a strategic alternative for competitive service not even available to ACS itself."[8] Embedded in Dr. Shelanski's statement is the apparent assumption that GCI's cable facilities are immediately and instantaneously available for the provision of telephony in each of Anchorage, Fairbanks, and Juneau, and that such facilities offer the prospect of a ubiquitous alternative throughout each service area. Neither assumption is accurate.

First, GCI cable plant, as it exists "in nature"—*i.e.*, as deployed for the provision of cable services—is not capable of delivering two-way telephone services. A number of steps are required, on a neighborhood-by-neighborhood basis, for rendering the cable plant hospitable to a voice service of the quality required for basic telephone service. For example, the installation of Voice Gateways and Cable Modem Termination Systems is required at the switch center. Certain cable plant modifications are also required, like the

[8] Shelanski Affidavit at ¶ 7.

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installation of a fiber ring to the Optical Transition Nodes ("OTNs") that feed large sections of town, the addition of power extraction and drop protection to accommodate the powering of drops for the BTIs (the cable telephony version of the NID), the replacement or modification of current line amplifiers to accommodate the added load of powering the drops, and replacement of power supply batteries to extend back-up capacity to 8 hours.

In the absence of each of these upgrades or modifications for the benefit of each customer line, the service cannot be provided to a particular cable-plant-served premise. The cable plant has no prospect of providing a "strategic alternative for competitive service" before these steps are completed. Moreover, once such installations and modifications are complete for a customer, the process of converting the customer to GCI's cable telephony will require a disconnect.

GCI has adopted an aggressive schedule for converting customers entirely to its own facilities to the greatest extent possible in Anchorage, but even under this schedule, deployment will take years. GCI's current plans call for conversion of 8,000 to 12, 000 lines in 2004 in parts of Anchorage and an expansion plan to other parts of Anchorage, Fairbanks, and Juneau over subsequent years. From this deployment schedule and the neighborhood-by-neighborhood, community-by-community installation and modification process, it is evident that GCI will continue to provision local service via UNE-loops in entire areas of Anchorage—and all of Fairbanks and Juneau—for quite some time, and thus, a batch cut process will remain necessary.

Moreover, cable plant does not access every premise that requires telephone service. This is particularly the case for business premises. As a result, cable telephony will not be a

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provisioning alternative where there is no cable plant. For these reasons, I do not agree that GCI's ownership of cable facilities obviates the need for a batch cut process.[9]

I should also point out that if the Commission were to issue a "non-impairment" finding for mass market unbundled switching, over GCI's opposition, a batch cut process would be essential to accommodate any resulting network changes. GCI cannot currently access many loops in each of Anchorage, Fairbanks, and Juneau via its switching facilities due to the ACS network design.[10] If the Commission found that GCI is required to access such customer lines via sub-loops at ACS-deployed concentrator or remotes devices, then ACS may be called upon over some limited period of time to process over 5,600 hot-cut orders. This would be the result if GCI subsequently achieves sub-loop access to the approximately 2800 lines in each of Fairbanks and Juneau that it currently serves via UNE-P. Under this scenario and with this order volume, a coordinated batch cut process would be critical.

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[9] For these same reasons, access to unbundled switching is also continues to be necessary.
[10] *See* Keeling Testimony at 5.

4. The GCI/ACS Settlement Agreement

As the Commission is aware, GCI and ACS entered into a settlement agreement on March 5, 2004, related to processing and provisioning interval metrics, reporting, and recurring cost credits for non-compliance.[11] This agreement sets forth interval metrics for ACS order provisioning categories,[12] so the adoption of provisioning interval metrics in conjunction with the batch cut process is no longer necessary.[13] The agreement does not address, however, any specific notification and coordination batch cut process to be followed by the parties. The agreement is silent as to the hot cut process to be followed by the parties, which is currently set forth in the Fairbanks and Juneau Operations Manual, but not consistently followed. Therefore, the agreement has no effect on GCI's batch cut process proposal, and the batch cut proposal has no effect on the agreement.

* * * *

A Commission-sanctioned process is required to address the impairment GCI suffers in its ability to serve customers via its own switching facilities. A consistent and predictable notification and coordination process is necessary to reduce the potential for customer outages and disruptions, as well as to ensure the successful hot-cut of loops between carrier switches. The Commission should prohibit any daily limits or caps on the batch cut process, as past experience demonstrates that such arbitrary caps lead to significant delays in delivering the customer's desired service. Moreover, the batch cut process remains relevant even as GCI upgrades and modifies its cable facilities to deploy telephony to those

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[11] *See* [Redacted] ACS Data Response Compliance Filing Pursuant to Order No. 3, R-03-7 (filed Mar. 19, 2004), Exhibit 4, "Processing and Provisioning Interval Metrics Agreement."
[12] *Id.* at Section 3.B, Provisioning Interval Metrics.
[13] *See* Keeling Testimony at 13-14.

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customers reached by cable plant, and will be absolutely critical in the event of a "no impairment" finding for mass market switching (which GCI strongly opposes). Finally, while the settlement agreement between the parties establishes provisioning interval metrics, it does not address the batch cut process.

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